

AMENDED IN SENATE SEPTEMBER 2, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 151**

**Introduced by ~~Committee on Budget (Laird (Chair), Arambula, Bermudez, Chan, Coto, De La Torre, Dymally, Evans, Goldberg, Hancock, Montanez, Mullin, Nava, Parra, Pavley, and Wolk)~~ Assembly Member Laird**

*(Principal coauthor: Senator Kehoe)*

*(Coauthor: Assembly Member Pavley)*

January 13, 2005

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~~An act relating to the Budget Act of 2005. An act to add Chapter 4.7 (commencing with Section 25370) to Division 15 of the Public Resources Code, relating to energy resources.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 151, as amended, ~~Committee on Budget Laird. Budget Act of 2005. Oil Conservation, Efficiency, and Alternative Fuels Act.~~

*Existing law requires the State Energy Resources Conservation and Development Commission to implement and administer various energy generation and conservation programs.*

*This bill would enact the Oil Conservation, Efficiency, and Alternative Fuels Act, which would declare the policy of the state that state agencies shall take every technologically feasible action needed to reduce the growth of petroleum consumption, and increase transportation energy efficiency and the use of alternative fuels. The act would require state agencies to take the state's transportation energy goals into account in adopting rules and regulations, including the findings and recommendations of the commission in the Integrated Energy Policy Report.*

*The bill would require the State Air Resources Board, in adopting or amending rules and regulations to reduce air pollution and toxic air contaminants from motor vehicle fuels to consider requirements, incentives, and partnerships for publicly administered fleets to purchase and install alternative fuel vehicles and advanced transportation fuels and technologies, taking into account life-cycle operating costs, public health, and environmental and energy benefits.*

*The bill would require the Secretary of the Business, Transportation and Housing Agency, not later than March 31, 2007, in consultation with the Department of Finance, the Secretary for Environmental Protection, and the commission, to submit recommendations to the Governor and the Legislature regarding alternative revenue sources to supplement or replace taxes on gasoline and diesel fuel, which may be used to fund state investment in the state's transportation infrastructure, as provided.*

*The bill would require the California Environmental Protection Agency, not later than January 1, 2007, and every 3rd year thereafter, with the assistance and consultation of the State Air Resources Board, the commission, and the South Coast Air Quality Management District to adopt recommendations, policies, and programs, as appropriate, to reduce the rate of growth in petroleum consumption and increase transportation energy efficiency and the use of alternative fuels, as specified.*

*The bill would require the California Environmental Protection Agency, not later than December 31, 2007, in consultation with the Attorney General, the Cal-EPA Environmental Justice Advisory Committee, air pollution control districts and air quality management districts, and affected communities and industries to publish a report containing specified information regarding violations of environmental protection laws and the technological feasibility and community health benefits of modernizing the state's oil refineries, as specified.*

*The bill would require the secretary to take action intended to influence the United States Congress and Department of Transportation to double the combined fuel economy of cars and light trucks by 2020, including performing analyses and participating in forums that the secretary deems useful. The bill would require all state agencies to cooperate with the secretary concerning this action.*

~~*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2005.*~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Chapter 4.7 (commencing with Section 25370)*  
2     *is added to Division 15 of the Public Resources Code, to read:*

3  
4             *CHAPTER 4.7. OIL CONSERVATION, EFFICIENCY, AND*  
5             *ALTERNATIVE FUELS ACT*

6  
7     25370. *This chapter shall be known, and may be cited, as the*  
8     *Oil Conservation, Efficiency, and Alternative Fuels Act.*

9     25371. *The Legislature finds and declares all of the*  
10    *following:*

11    (a) *California's increasing demand for petroleum and rapidly*  
12    *growing consumption of gasoline and diesel fuel pose substantial*  
13    *risks to the state's economy and environment.*

14    (b) *Growing instability in global oil supplies and rapidly*  
15    *increasing demand in China, India, and throughout the world are*  
16    *likely to increase California's vulnerability to oil supply*  
17    *disruptions and sudden price increases.*

18    (c) *Aggressive pursuit of energy efficiency and conservation*  
19    *measures and expanded use of renewable energy sources have*  
20    *been shown to help stabilize energy supplies and lower costs to*  
21    *consumers during California's electricity crisis.*

22    (d) *California's current and future levels of oil demand and*  
23    *rapidly growing consumption of gasoline and diesel fuel far*  
24    *exceeds California's refinery capacity, which results in limited*  
25    *competition and abuses of market power by oil suppliers and*  
26    *refiners.*

27    (e) *Unless the state's rapid rate of growth in oil consumption*  
28    *and rising levels of consumption of imported oil and petroleum*  
29    *products are stabilized and gradually reduced, California is*  
30    *likely to continue to experience price spikes and supply*  
31    *disruptions, which will harm the state's economy and business*  
32    *climate.*

33    (f) *Cost-effective options exist today, including alternative*  
34    *fuels and advanced technologies, such as hybrid electric*  
35    *vehicles, which can lessen economic instability caused by high*

1 *fuel prices and price spikes, while reducing risks to public health*  
2 *and environmental degradation caused by increased*  
3 *consumption of petroleum fuel.*

4 *(g) The commission and the State Air Resources Board have*  
5 *determined that improving the fuel efficiency of new vehicles*  
6 *would dramatically reduce petroleum demand and that the*  
7 *efficiency of new cars and light trucks can be improved*  
8 *significantly with existing and emerging automotive technologies.*

9 *(h) Reducing the rate of growth in onroad petroleum*  
10 *consumption, and increasing transportation energy efficiency*  
11 *and the use of alternative fuels are technologically feasible and*  
12 *cost-effective public policy objectives, which will create new*  
13 *jobs, economic development, and investment opportunities in*  
14 *alternative fuels and advanced transportation technologies.*

15 *(i) Petroleum refineries are known sources of hazardous waste*  
16 *and toxic air pollutants, as well as groundwater and soil*  
17 *contamination, all of which are known to cause cancer,*  
18 *developmental and reproductive problems, and respiratory*  
19 *illness.*

20 *(j) Petroleum refinery workers and communities located in*  
21 *close proximity to a petroleum refinery are particularly*  
22 *vulnerable to the public health impacts associated with*  
23 *petroleum refining, and the petroleum refining industry should*  
24 *take every feasible measure to protect these exposed populations.*

25 *(k) The Governor, the Legislature, and state and local*  
26 *agencies should make every effort to reduce the growth in oil*  
27 *demand and increase transportation energy efficiency and the*  
28 *use of alternative fuels in California through aggressive public*  
29 *education regarding the environmental and economic risks*  
30 *caused by current and projected petroleum consumption, through*  
31 *sustained commitment and public agency procurement of energy*  
32 *efficiency and alternative transportation fuels, and by promoting*  
33 *the modernization and installation of best available technologies*  
34 *on California's oil refineries.*

35 *25372. (a) It is the policy of the state that state agencies*  
36 *shall take every technologically feasible action needed to reduce*  
37 *the growth of petroleum consumption and to increase*  
38 *transportation energy efficiency and the use of alternative fuels*  
39 *in California. State agencies shall take the state's transportation*  
40 *energy goals into account in adopting rules and regulations,*

1 *including the findings and recommendations of the commission's*  
2 *most recently adopted Integrated Energy Policy Report.*

3 *(b) For purposes of this chapter, "technologically feasible"*  
4 *means capable of being successfully accomplished taking into*  
5 *account environmental, economic, social, and technological*  
6 *factors.*

7 *(c) Not later than January 1, 2007, and every third year*  
8 *thereafter, the California Environmental Protection Agency, with*  
9 *the assistance and consultation of the State Air Resources Board,*  
10 *the commission, the South Coast Air Quality Management*  
11 *District, and the Cal-EPA Environmental Justice Advisory*  
12 *Committee, shall adopt recommendations, policies, and*  
13 *programs, as appropriate, to reduce the rate of growth in*  
14 *petroleum consumption and increase transportation energy*  
15 *efficiency and the use of alternative fuels, and shall submit to the*  
16 *Legislature an assessment of the transportation energy efficiency*  
17 *and alternative fuel policies adopted pursuant to subdivision (a).*  
18 *The assessment shall include the status of adopted policies,*  
19 *Integrated Energy Policy Report implementation, and alternative*  
20 *fuel fleet procurement and infrastructure funding needs.*

21 *(d) Development of the recommendations, policies, and*  
22 *programs required pursuant to subdivisions (a) and (b) shall*  
23 *integrate state ambient air quality standards, including, but not*  
24 *limited to, those for particulates, criteria pollutants, and toxic air*  
25 *contaminants, to ensure that transportation energy efficiency*  
26 *strategies and alternative fuel policies are consistent with*  
27 *attainment and maintenance of state and federal air quality*  
28 *standards.*

29 *25373. In adopting or amending rules and regulations to*  
30 *reduce air pollution and toxic air contaminants from motor*  
31 *vehicles, the State Air Resources Board shall, consistent with the*  
32 *policy declaration in subdivision (a) of Section 25372, consider*  
33 *requirements, incentives, and partnerships for publicly*  
34 *administered fleets to purchase and install alternative fuel*  
35 *vehicles and advanced transportation fuels and technologies,*  
36 *taking into account lifecycle operating costs, public health, and*  
37 *environmental and energy benefits.*

38 *25374. (a) Not later than December 31, 2007, the California*  
39 *Environmental Protection Agency (Cal-EPA), in consultation*  
40 *with the Attorney General, the Cal-EPA Environmental Justice*

1 *Advisory Committee, air pollution control districts and air*  
2 *quality management districts, and affected communities and*  
3 *industries shall publish a report assessing the following:*

4 *(1) The violations of air pollution, water pollution, and*  
5 *hazardous waste regulations by each oil refinery located in the*  
6 *state, together with information regarding the disposition of the*  
7 *violations.*

8 *(2) The technological feasibility and community health*  
9 *benefits of modernizing the state's oil refineries, fuels storage,*  
10 *and fuel transport systems with best available control technology*  
11 *to reduce or prevent violations of air pollution, toxic air*  
12 *contaminants, hazardous waste generation and disposal, and*  
13 *fugitive emissions, to reduce or prevent accidental upsets,*  
14 *breakdowns, worker injuries, and improve safety.*

15 *(b) The report shall be posted on an Internet Web site that is*  
16 *generally accessible to the public, and Cal-EPA shall provide*  
17 *copies of the report to local governments in the areas where the*  
18 *refineries are located, and to community groups and*  
19 *organizations that have requested a copy of the report.*

20 *25375. The commission shall expand the scope of its oil*  
21 *industry price and supply reporting, monitoring, and analysis to*  
22 *include trends in world oil demand growth, including known and*  
23 *proven oil reserves. The commission shall refer to the Attorney*  
24 *General any cases in which it determines that there may be*  
25 *market abuse or unfair competition, as defined in Section 17200*  
26 *of the Business and Professions Code.*

27 *25376. Nothing in this chapter authorizes the imposition of*  
28 *any tax or fee on consumers of petroleum for onroad use, or on*  
29 *petroleum refining producers.*

30 *SEC. 2. Not later than March 31, 2007, the Secretary of the*  
31 *Business, Transportation and Housing Agency, in consultation*  
32 *with the Department of Finance, the Secretary for Environmental*  
33 *Protection, and the State Energy Resources Conservation and*  
34 *Development Commission, shall submit recommendations to the*  
35 *Governor and the Legislature regarding alternative revenue*  
36 *sources to supplement or replace lost tax revenue on gasoline*  
37 *and diesel fuel, which may be used to fund state investment in the*  
38 *state's transportation infrastructure. In developing the*  
39 *recommendations, the secretaries shall evaluate the economic*  
40 *feasibility of alternative financing measures, the potential to*

1 *support needed levels of investment in transportation*  
2 *infrastructure, and the impact on social equity and mobility of*  
3 *low-income and disadvantaged citizens. In addition,*  
4 *consideration of those recommendations shall be given to*  
5 *determine the extent to which they are compatible with existing*  
6 *state policies to reduce petroleum consumption, accelerate the*  
7 *deployment of alternative fuels, and achieve air quality standards*  
8 *and global warming targets.*

9 *SEC. 3. The Secretary for Environmental Protection shall*  
10 *take action intended to influence the United States Congress and*  
11 *the United States Department of Transportation to double the*  
12 *combined fuel economy of cars and light trucks by 2020. That*  
13 *action shall include, but not be limited to, performing analyses*  
14 *and participating in forums that the secretary deems useful. All*  
15 *state agencies shall cooperate with the secretary concerning this*  
16 *action.*

17 ~~SECTION 1. It is the intent of the Legislature to enact~~  
18 ~~statutory changes relating to the Budget Act of 2005.~~